

Message Text

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PAGE 01 CAIRO 06432 221329Z

43

ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 COME-00 AID-20 OPIC-12 SS-20

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8518

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E.O. 116524 NA

TAGS: ECRE EWWT EAID

SUBJECT: SUEZ CANAL DREDGING -C.F.BEAN COMPANY

1. BERNARD MAHFOUD, REGIONAL REPRESENTATIVE OF C.F.BEAN, CALLED ON AMBASSADOR AUGUST 21 IN CONNECTION WITH HIS COMPANY'S EFFORTS TO SECURE SUEZ CANAL DREDGING CONTRACT. HE RELATED THAT, FOLLOWING TALK REPORTED REFTEL, HE HAD CONTACTED BEAN AND HAD BEEN INSTRUCTED SEND TELEX TO SCA STATING BEAN CONSIDERS HIS BID IS FAIR, BUT ASKING FOR AN OPPORTUNITY TO DISCUSS MATTER AGAIN WITH GOE BEFORE ANY FINAL DECISION IS MADE. ACCORDING, SCA INVITED BEAN REP TO MEET WITH IT AUGUST 26 IN CAIRO. MAHFOUD IS NOW READYING HIMSELF FOR THAT MEETING.

2. MAHFOUD SEEMED UNDER THE IMPRESSION THAT EMBASSY HAD RECEIVED A MESSAGE FROM BEAN LAST FRIDAY ON THE OPIC GUARANTEE QUESTION. AMBASSADOR NOTED THAT WE HACE GIVEN A FAVORABLE RESPONSE TO A REQUEST FOR OUR VIEWS ON THE OPIC GUARANTEE (REFTEL) BUT HAVE NOT HEAR ANYTHING IN THE LAST FEW DAYS ON THE SUBJECT. (ACTION REQUESTED: IF THE OPIC BOARD ACTS ON THE BEAN APPLICATION PRIOR TO THE AUGUST 26 MEETING WITH THE SCA WE RECOMMEND THAT THE COMPANY, AND THIS EMBASSY, BE AT LEAST INFORMALLY ADVISED.)

3. MAHFOUD ALSO STATED THAT BEAN HAS BEEN INFORMED BY SCA
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PAGE 02 CAIRO 06432 221329Z

THAT "FINANCING PACKAGE" OF RESPECTIVE AMERICAN AND JAPANESE

BIDS WOULD BE A MAJOR FACTOR. AMBASSADOR RECALLED HE HAD MENTIONED THIS TO BEAN DURING LATTER'S CALL SEVERAL MONTHS AGO. IN THIS CONNECTION, MAHFOUD CLAIMED TO HAVE LEARNED FROM BEAN THAT FONMIN FAHMY ALLEGEDLY INDICATED IN THE US THAT AMERICAN FIRMS AND INVESTMENT WERE PREFERRED OVER OTHERS. AMBASSADOR POINTED OUT THAT WHILE EGYPTIANS DOUBTLESS WOULD LIKE AMERICAN FIRMS, THEY WILL PROBABLY BE HEAVILY INFLUENCED BY COST AND FINANCING ARRANGEMENTS.

4. REFERRING TO MURPHY CONTRACT WITH US NAVY AND RECENT COE TEAM VISIT, MAHFOUD THEN WONDERED IF SIMILAR ARRANGEMENTS COULD BE WORKED OUT FOR BEAN. SPECIFICALLY, PERHAPS COE COULD HIRE BEAN TO OFFSET PART OF THE COSTS. AMBASSADOR POINTED OUT THAT AS YET NO USG FUNDS FOR EGYPT APPROPRIATED AND THAT THERE HAS BEEN NO DECISION RE POSSIBLE COE INVOLVEMENT IN EGYPT. MOREOVER, SINCE PROPOSED ECONOMIC AID FOR EGYPT ALREADY HEAVILY EARMARKED, HE DOUBTED THAT MAHFOUD'S PROPOSAL WOULD FIND FAVOR IN WASHINGTON OR EGYPT, BUT SUGGESTED BEAN RAISE THE MATTER IN WASHINGTON.

5. MAHFOUD ALSO STATED THAT A THIRD COMPANY, T.L.JAMES, MIGHT JOIN THE BEAN EFFORT. SINCE THIS WOULD MAKE AVAILABLE ONE OR TWO ADDITIONAL PIECES OF EQUIPMENT, IT MIGHT ENABLE BEAN TO SHORTEN THE CONTRACT PERIOD FROM 42 TO 36 MONTHS. SUCH A MOVE WOULD REQUIRE COOPERATION WITH SCA SINCE PLANNING FOR ALL THREE SEGMENTS OF THE CANAL IS NOW BASED ON 42 MONTH PERIOD. AMBASSADOR RECALLED HE HAD EARLIER SUGGESTED TO BEAN THAT KY SHORTENING OF COMPLETION TIME MIGHT MAKE BID MORE ATTRACTIVE TO SCA AND REITERATED THIS VIEW.

6. FINALLY MAHFOUD INDICATED HIS UNDERSTANDING THAT JAPANESE BID IS NOW LE 1 MILLION LOWER THAN BEAN. IT IS THIS COMPETITIVE OFFER WHICH BEAN MUST BEATPM HE ALSO UNDERSTANDS THAT RCA INTENDS TO PROPOSE A CHANGE IN THE RATIO BETWEEN EGYPTIAN POUND AND US DOLLAR COMPONENTS OF THE BEAN BID WHICH ALSO MIGHT MAKE BEAN BID MORE COMPETITIVE.

7. SINCE SCA HAS NOT DISCUSSED THESE DETAILS WITH US, AMBASSADOR SUGGESTED THAT MAHFOUD ARRANGE TO MEET WITH SCA LIMITED OFFICIAL USE

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PAGE 03 CAIRO 06432 221329Z

BEFORE
AUGUST 26 SO THAT HE CAN ADVISE HIS PRINCIPALS ON
HOW BEST TO PROCEED. AMBASSADOR OFFERED TO BE OF ALL
APPROPRIATE ASSISTANCE IN THIS EFFORT.
EILTS

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